Connecticut HUSKY Health:

Cost Drivers, Reform Agenda, Outcomes and Future State

Presentation to the Health Care Cabinet

June 14, 2016

- Overview
- Cost drivers
- Reform agenda
- Documented outcomes
- Long-term strategies: future state

HUSKY Health
Overview

HUSKY Health at a Glance

Critical source of economic security and well-being to over 750,000 individuals (21% of the population of Connecticut).

- Serves adults, working families, their children, their parents and their loved ones with disabilities.
- Covers an extensive array of preventative services (primary care through Person-Centered Medical Homes, dental and behavioral health coverage) as well as care coordination.
- Successful in improving quality, satisfaction and independence through prevention and integration.

Data driven.

- Maintains a fully integrated set of claims data for all covered individuals and all covered services.
- Uses data analytics to direct policy-making, program development and operations.
- Employs predictive modeling to identify both those in present need of care coordination, and those who will need it in the future.

Already doing more with less.

- Administrative costs are 5.2%. Total staffing (131 individuals) has held relatively constant while the number of individuals served has dramatically increased.
- 59% of Connecticut Medicaid and 88% of CHIP (HUSKY B) expenditures are federally reimbursed.
- Health expenditures (70.7% of department budget) are increasing based on caseload growth, but trends in per person costs are stable and quality outcomes have improved.

HUSKY Health Financial Snapshot

Programs supported:

Medicaid, HUSKY B (Children's Health Insurance Program), long-term services and supports

SFY'17 proposed program budget:

- $3.20 billion (appropriated)
- $6.87 billion (total)

SFY 2016 estimated staffing costs: $8.3 million

Administrative cost ratio: 5.2%

Estimated program federal reimbursement: 59% - Medicaid, 88% - HUSKY B (CHIP)

Estimated administrative federal reimbursement: 75% for systems, eligibility, MFP, specialized medical staff; 50% for all other activities

Program outcome highlights:

- Supporting members in accessing primary care and avoiding use of the ED through ICM, PCMH, and comprehensive coverage of behavioral health and dental services
- Integrating care through initiatives including DMHAS health homes and PCMH practices
- Rebalancing long-term services and supports
- Supporting providers through primary care investments, Person-Centered Medical Home initiative, and streamlined administration

HUSKY Health touches **everyone**.

Children. Working families and individuals.

Older adults. People with disabilities.

Your neighbor. Your cousin.

One in five CT citizens is served by HUSKY Health.

HUSKY Health . . .

- extends financial security from the catastrophic costs of a serious health condition
- enables people to stay well, through prevention, and to work
- promotes the health, well-being and school readiness of children
- supports independence in the community

HUSKY Health is **mission-driven.**

HUSKY Health works in partnership with stakeholders across the health care delivery system to ensure that **eligible people** in Connecticut **receive the supports and services they need** to promote **self-sufficiency, improved well-being and positive health outcomes**. We ensure that the **delivery of these services is consistent with federal and state policies**.

HUSKY Health is **person-centered.**

HUSKY Health is **improving outcomes while controlling costs.**

Health outcomes and care experience are improving. We are **enabling independence and choice** for people who need long-term services and supports.

Provider participation has increased.

Enrollment is up, but **per member per month costs are stable**.

The **state share** of HUSKY Health costs **has decreased.**

HUSKY Health has **maximized benefits under the Affordable Care Act.**

- 100% federal coverage for expansion of Medicaid eligibility (HUSKY D)
- coverage of new preventative services including smoking cessation and family planning
- new resources for behavioral health integration through DMHAS-led health homes
- $77 million in funding under the State Balancing Incentive Program for home and community-based long-term services and supports (LTSS)

Conceptual framework

DSS and its state agency partners (DCF, DDS, DMHAS) are motivated and guided by the Centers for Medicare and Medicaid Services (CMS) "Triple Aim":

- improving the patient experience of care (including quality and satisfaction)
- improving the health of populations
- reducing the per capita cost of health care

We are also influenced by a value-based purchasing orientation. The Centers for Medicare and Medicaid Services (CMS) define **value-based purchasing** as a method that provides for:

Linking provider payments to improved performance by health care providers. This form of payment holds health care providers accountable for both the cost and quality of care they provide. It attempts to reduce inappropriate care and to identify and reward the best-performing providers.

Hypotheses

We have two critical reform hypotheses:

Centralizing management of services for all Medicaid beneficiaries in self-insured, managed fee-for-service arrangements with Administrative Services Organizations, as well as use of predictive modeling tools and data to inform and to target beneficiaries in greatest need of assistance, will yield improved health outcomes and beneficiary experience, and will help to control the rate of increase in Medicaid spending.

Building on current preventative and coordinative interventions (e.g. PCMH, ASO-based Intensive Care Management), DMHAS health home) by migrating such efforts to a more community-based approach and building in appropriate value-based payment strategies (e.g. pay-for-performance, bundled payments, episodes, shared savings arrangements) will yield further improvements in health outcomes and beneficiary experience, and will continue to control the rate of increase in Medicaid spending.

Cost Drivers

Key cost drivers for Medicaid include the following:

- "high need, high cost" individuals with complex needs
- individuals who receive long-term services and supports (LTSS)

High Need, High Cost Individuals

Using dates of services in CY 2014 and stratifying by child (0-20) and adult (21 +), the Administrative Services Organizations were asked to provide the department the following information:

1. Highest 10% members by cost, excluding nursing home (NH) residents
2. Highest 10% of members with hospital admission
3. Highest 10 % of members with ED utilization
4. Total unduplicated members from a, b, & c

Hospital Inpatient Conditions Adults & Children

Inpatient Conditions	Total Adults admits: 7,457	Total Children admits: 3,315
Infectious/Neoplasms/Nutritional/ Diseases of Blood	1,459 (20%)	419 (13%)
Mental Disorder	1,413 (19%)	669 (20%)
Diseases of Nervous/Circulatory/Genitourinary System	1,251 (17%)	264 (8%)
Diseases of Respiratory/Digestive	1,627 (22%)	654 (20%)
Pregnancy	100 (1%)	453 (14%)
Disease of Skin/Musculoskeletal	351 (5%)	154 (5%)
Ill defined conditions/Injury & Poisoning	1,259 (17%)	702 (21%)

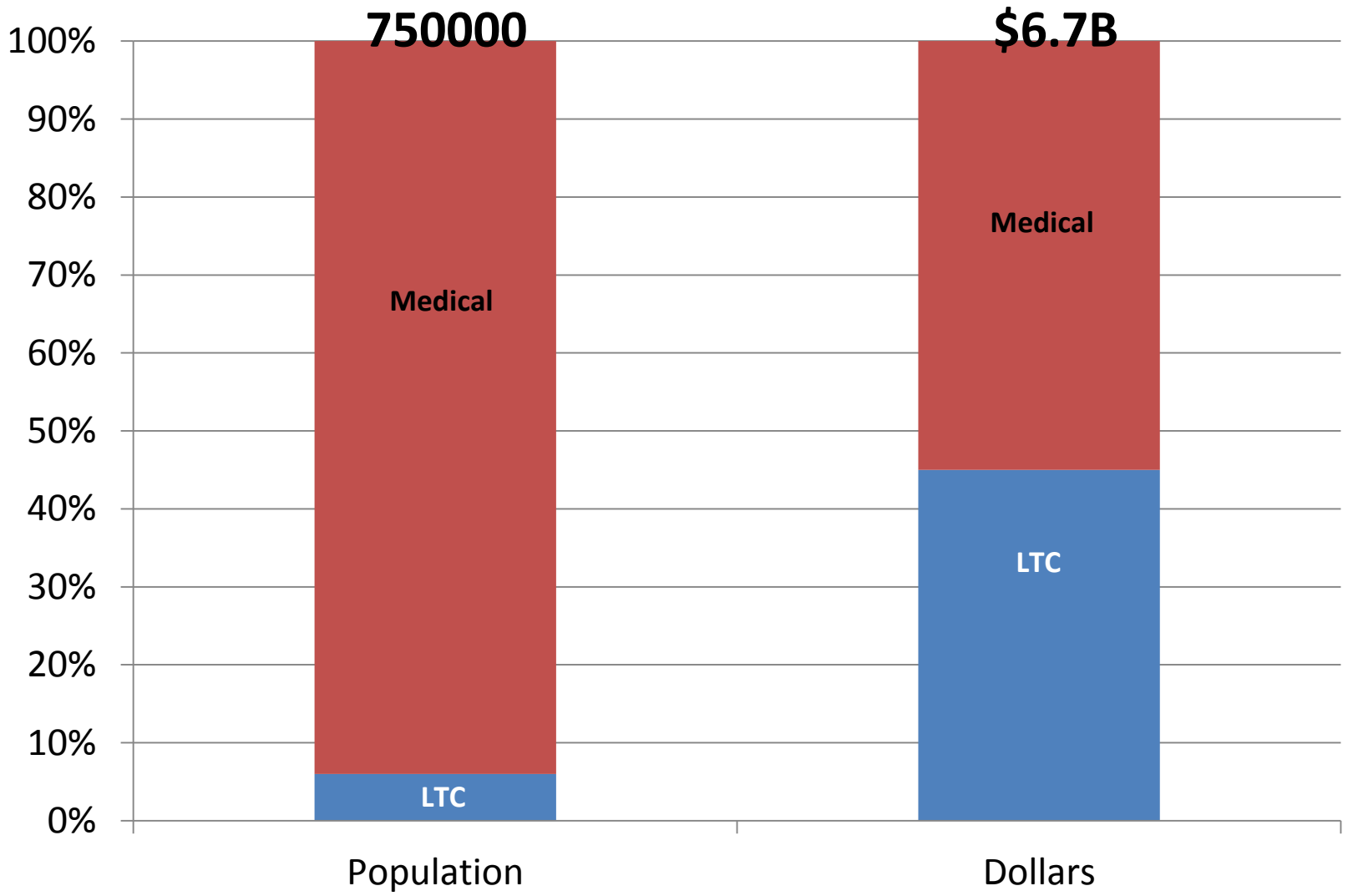
Recipients of LTSS

Individuals who receive LTSS:

- A relatively small number of individuals use LTSS, but their **costs are a significant proportion of the Medicaid budget**

- Individuals who use LTSS typically have **high needs and high costs** and **benefit from coordination** of their services and supports

- Average per member per month **costs are less in the community**.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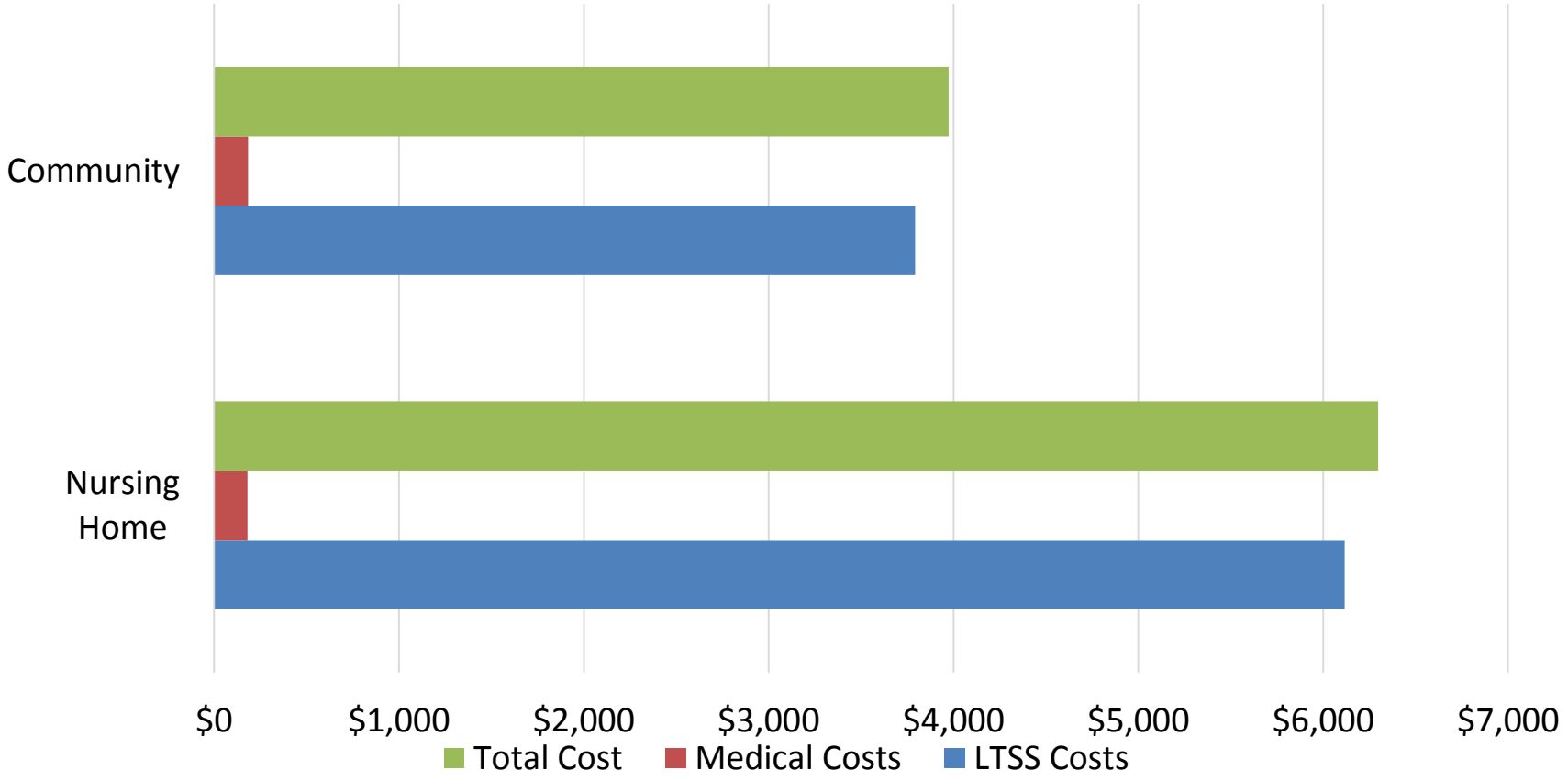
A comparison of average community and institutional costs for individuals at nursing home level of care (2012)



Connecticut Medicaid Reform Agenda: Addressing Cost Drivers through Care Coordination, Practice Transformation and New Payment Modalities

HUSKY Health's key means of addressing cost drivers include:

Streamlining and optimizing administration of Medicaid through . . .	• a self-insured, managed fee-for-service structure and contracts with Administrative Services Organizations • unique, cross-departmental collaborations including administration of the Connecticut Behavioral Health Partnership (DSS, DCF, DMHAS), long-term services and supports (LTSS) rebalancing plan (DSS, DMHAS, DDS, DOH) and the new ID Partnership (DDS and DSS)

Improving access to primary, preventative care through . . .	• **extensive new investments in primary care (PCMH payments, primary care rate bump, EHR payments)** • **comprehensive coverage of preventative behavioral health and dental benefits**
Coordinating and integrating care through . . .	• ASO-based Intensive Care Management (ICM) • PCMH practice transformation • DMHAS-led behavioral health health homes • Money Follows the Person "housing + supports" approach and Innovation Accelerator Program • Medicaid Quality Improvement and Shared Savings (MQISSP) initiative

Re-balancing long-term services and supports (LTSS) through . . .	**A multi-faceted Governor-led re-balancing plan that includes:** • **Extensive collaboration by DSS, DMHAS, DDS, DOH** • **State Balancing Incentive Program (BIP) activities** • **LTSS waivers (DSS, DMHAS, DDS)** • **Nursing home "right sizing"** • **Workforce initiatives** • **My Place consumer portal**
Moving toward Value-Based Payment approaches through . . .	• Hospital payment modernization • Pay-for-performance (PCMH, OB) • MQISSP shared savings initiative

Past, Present and Future

	Past	Present	Future
Administrative/ financial model	A mix of risk-based managed care contracts and central oversight	Self-insured, managed fee-for service model; contracts with four Administrative Services Organizations (ASOs)	Self-insured, managed fee-for-service model that incorporates health neighborhoods and Value-Based Payment (VBP) approaches
Financial trends	Double digit year-over-year increases were typical	Overall expenditures are increasing proportionate to enrollment; per member per month spending is trending down	Quality-premised VBP strategies will enable further progress on trends
Data	Limited encounter data from managed care organizations	Fully integrated set of claims data; program employs data analytics to risk stratify and to make policy decisions	Data match across human services and corrections data sets will enable more intelligent policy making

	Past	Present	Future
Member experience	Members had different experiences depending on which MCO oversaw their services; MCOs relied upon traditional chronic disease management strategies	ASOs provide streamlined, statewide access points and Intensive Care Management; PCMH practices enable coordination of primary and specialty care; health homes enable integration of medical, behavioral health and social services	Health neighborhoods will address both health needs and social determinants of health (e.g. housing stability)
Provider experience	Provider experience varied across MCOs; payment was often slow or incomplete	ASOs provide uniform, statewide utilization management and ICM; providers can bill on a bi-weekly basis	Consideration of migration to health neighborhood self-management of provider relationships

Documented Outcomes

HUSKY Health analyses its outcomes through the following means:

- Use of a broad array of HEDIS and hybrid measures
- Use of CAHPS and mystery shopper approach
- Geo-access analyses of provider participation
- Provider surveys
- Review of financial trends: overall expenditures and per member per month spend, stratified across all HUSKY Health coverage groups

What relevant results do we see in Connecticut, related to our Person-Centered Medical Home initiative?

- PCMH practices achieved better results than non-PCMH practices on measures including, but not limited to ambulatory ED visits and asthma ED visits

- Immediate access to care increased to 92.5% of the time, when requested by adults, and 96.7% of the time, when requested on behalf of children

What relevant results do we see in Connecticut, related to our Intensive Care Management (ICM) initiatives?

- Over SFY'15. Connecticut Medicaid's medical ASO, CHNCT, has:
  - for those members who received ICM, **reduced emergency department (ED) usage** by **22.72%** and **reduced inpatient admissions by 43.87%**
  - for those members who received Intensive Discharge Care Management (IDCM) services, **reduced readmission rates by 28.08%**

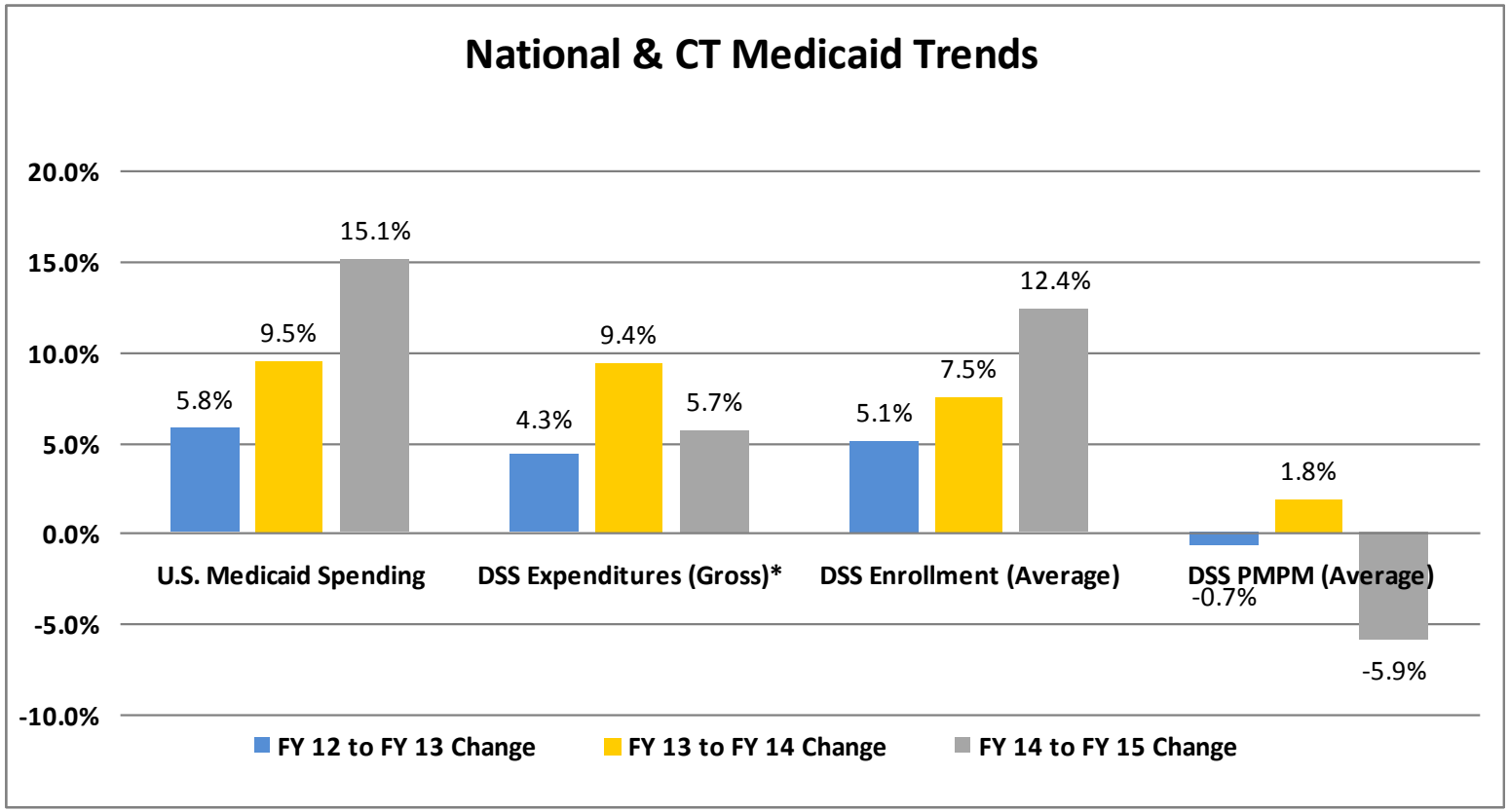
- Over SFY'15, through a range of strategies (Intensive Care Management, behavioral health community care teams) and in cooperation with the Connecticut Hospital Association, **the Emergency Department visit rate was reduced** by:

  - 4.70% for HUSKY A and B
  - 2.16% for HUSKY C
  - 23.51% for HUSKY D

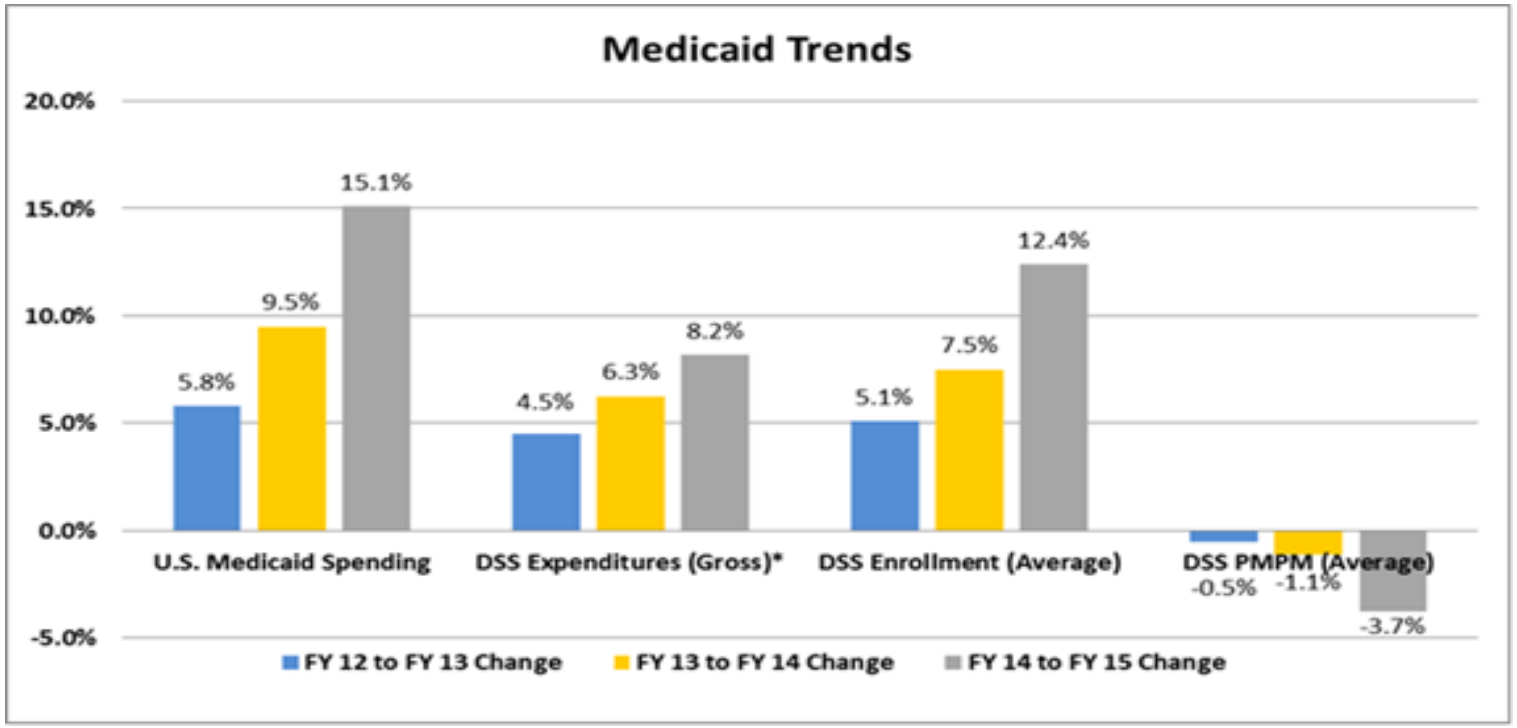
Over SFY'15:

- Overall admissions per 1,000 member months (MM) **decreased by 13.2%**
- Utilization per 1,000 MM for emergent medical visits **decreased by 5.4%**
- Utilization per 1,000 MM for all other hospital outpatient services **decreased by 5.3%**

Comparison with National Trends



** Expenditures are net of drug rebates and include DMHAS' behavioral health costs claimable under Medicaid. This depiction includes all hospital supplemental and retro payments.*



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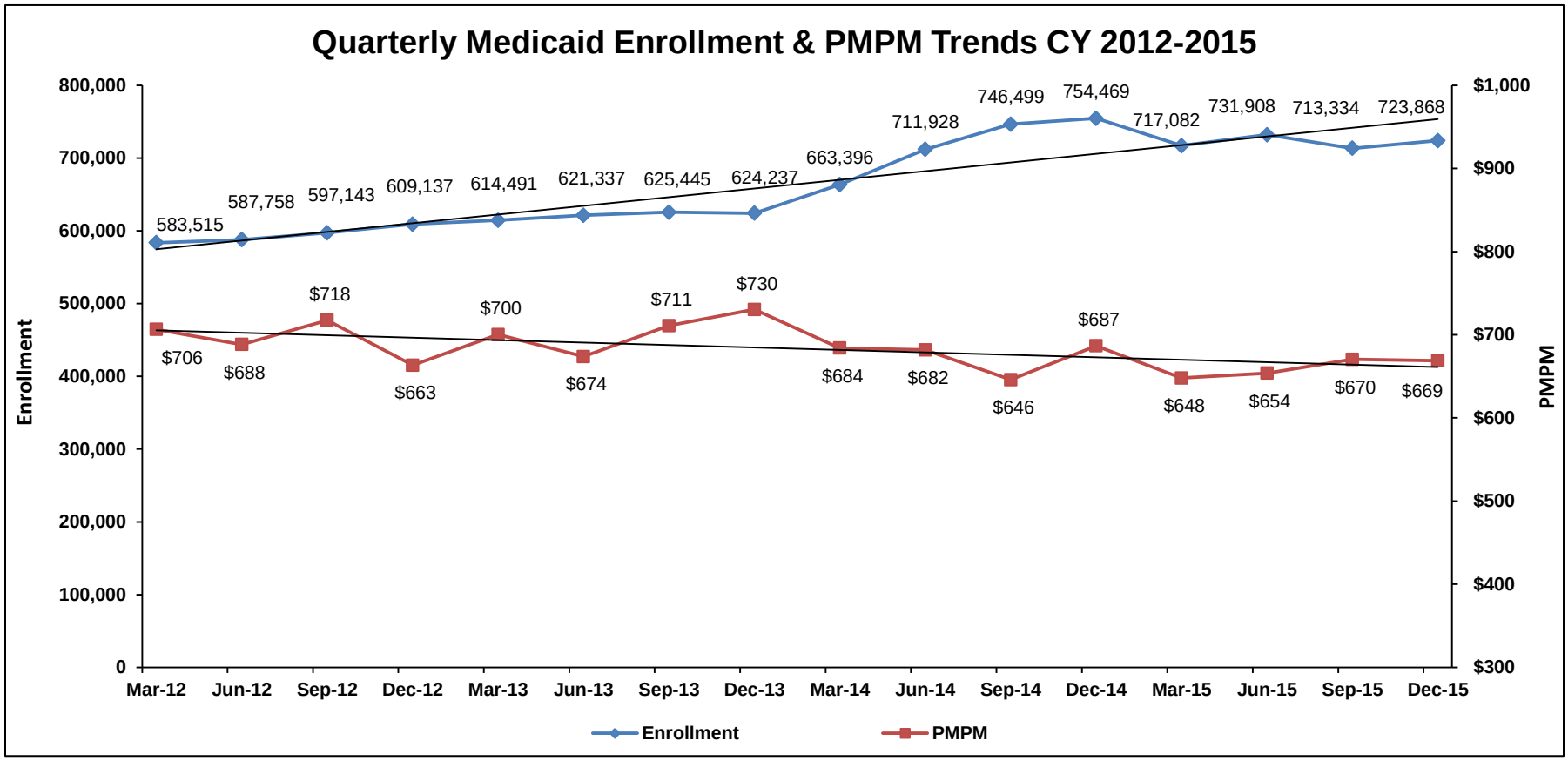
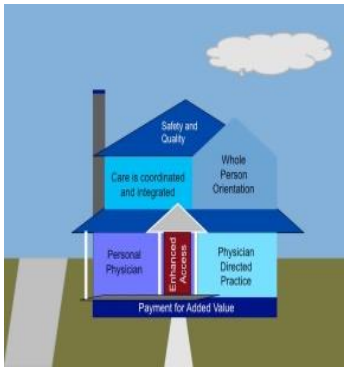
Enrollment and PMPM



Expenditures have increased proportionate to the increase in enrollment, but per member per month costs have remained remarkably steady.

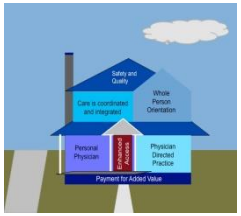
Long-Term Strategies for Cost Containment: The Future State

HUSKY Health 2017 and ongoing



Health neighborhoods composed of PCMH practices, specialties, CHWs and non-medical services and supports

Development of additional value-based payment strategies



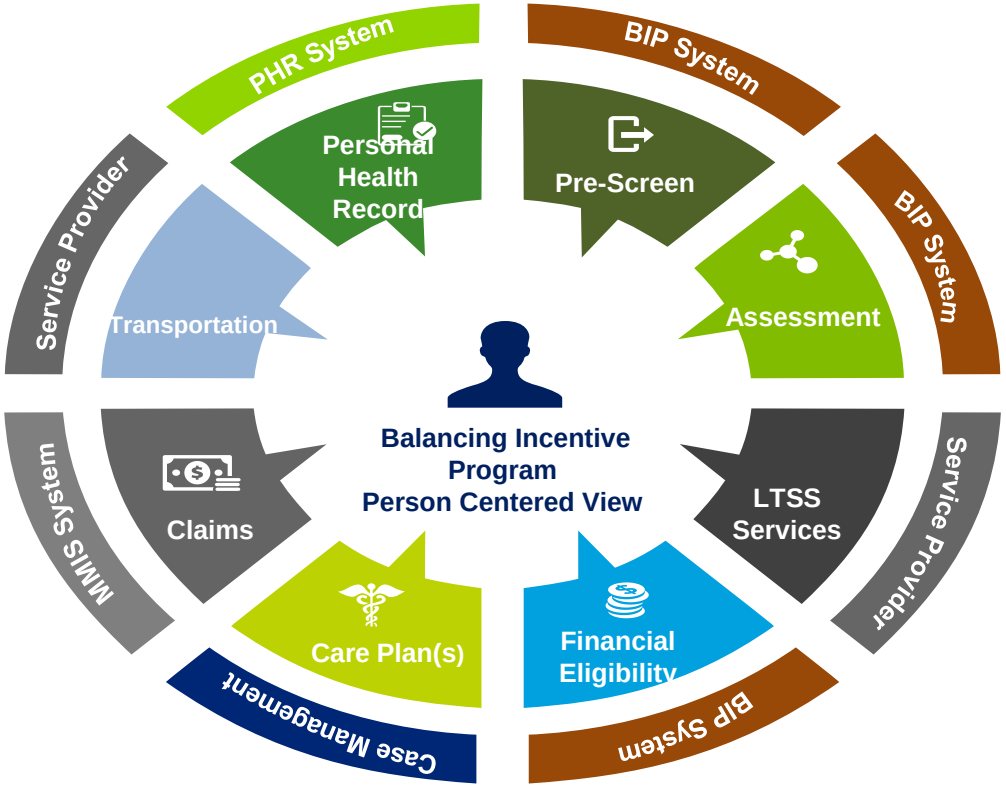
PCMH enhanced fees and performance payments

OB P4P

MQISSP

Shared savings arrangements

Episodes of care



Achievement of a person-centered, integrative, rebalanced system of long-term services and supports

HUSKY HEALTH CONNECTICUT

Key Terms

Term	Acronym	Detail
Administrative Services Organization	ASO	DSS has contracted with four organizations (CHN, Beacon, Benecare and Logisticare) to act as statewide ASOs. The ASOs perform many traditional member support functions , but are also responsible for data analytics and ICM.
Behavioral health home	BHH	DMHAS and DSS have partnered to implement this new means of integrating behavioral health, medical care and social service supports for individuals with Serious & Persistent Mental Illness.
Expansion group	HUSKY D	Connecticut's Medicaid expansion group includes adults at 18-64 who are not otherwise eligible for another Medicaid coverage group.
Fee for Service	FFS	A method in which doctors and other health care providers are paid for each service performed. Examples of services include tests and office visits.
Intensive Care Management	ICM	A set of services that help people with complex health care needs to better understand and manage their care.
Long-term services and supports	LTSS	Long-term services and supports (LTSS) are a spectrum of health and social services that support elders or people with disabilities who need help with daily living tasks.
Medicaid Quality Improvement and Shared Savings Program	MQISSP	MQISSP is a Connecticut Medicaid initiative under which DSS will enter into shared savings arrangements with FQHCs and advanced networks.
Pay-for-performance	P4P	P4P rewards health care providers for attaining targeted service goals, like meeting health care quality or efficiency standards.
Person-Centered Medical Home	PCMH	PCMH is a model for the organization of primary care that ensures effective delivery of the core functions of primary health care.
Value-Based Payment	VBP	VBP links provider payments to improved performance on quality measures.